

Exhibit 51

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors

Case No. 12-12020 (MG)

Chapter 11

Jointly Administered

DEPOSITION OF J.F. MORROW

DATE: December 17, 2012

HUDSON REPORTING & VIDEO, INC.

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TRANSCRIPT of the deposition, said
deposition being conducted pursuant to Rules
Governing Civil Practice in the Superior Court
of New Jersey, by and before MARK IUZZOLINO,
Certified Shorthand Reporter, License No.
X101103, at the offices of Morrison Foerster,
LLP, 1290 6th Avenue, New York, NY, on December
17, 2012, commencing at 9:18 a.m.

1 say, "We lost our title policy. Please provide
2 us a new one," that really is a remedial-type
3 thing. Most of the loans were closed by title
4 companies, and they filed the deed of trust
5 themselves. So it's easily remedial. It's not
6 really a material defect when these loans are
7 as old as they are.

8 Q. Can you give me another example of a
9 defect that you'd consider not to be material?

10 A. A flood insurance. Same as your
11 hazard insurance: If flood insurance is
12 required, they'll force-place -- ResCap would
13 force-place flood insurance.

14 Q. What other examples of nonmaterial
15 defects?

16 A. A missing deed of trust would be one
17 because these loans are old. We have a title
18 insurance that guarantees the position. And
19 you can go to the county recorder and get a
20 copy of it, so it's not as easily remedial.

21 Q. Can you give me other examples of
22 defects that you consider not to be material?

23 A. Those are the four that were
24 utilized.

25 Q. In any event, it's your opinion that

1 for the 313 loans cited in your opinion, those
2 loans had defects that were sufficiently
3 material that, in your judgment, they
4 materially and adversely affected the risk of
5 the loan?

6 A. Yes.

7 Q. Sir, do you know if ResCap's board of
8 directors was aware of all of the lawsuits by
9 MBIA and FGIC and others that alleged much
10 higher breach rates than you found?

11 MR. DAILEY: Objection.

12 MR. BULL: Objection.

13 A. No.

14 Q. Did you make any effort to understand
15 what the board of directors had before it when
16 it decided to make the settlement that's at
17 issue here?

18 A. No.

19 Q. Do you have any view about what the
20 plaintiffs in this matter would have alleged
21 their material defects to be if they had filed
22 a complaint?

23 MR. BENTLEY: What plaintiffs are you
24 talking about?

25 Q. Sir, go ahead.

1 A. Yes.

2 Q. Are you prepared to testify?

3 A. If asked.

4 Q. Well, are you planning on it?

5 MR. BENTLEY: Objection to form.

6 A. As far as I know, yes.

7 Q. What you'll tell the judge is that
8 28.74 percent of the loans had material defects
9 and were not in compliance with ResCap's
10 guidelines --

11 MR. BENTLEY: Objection.

12 Q. -- right?

13 MR. BENTLEY: Objection to form.

14 A. What I will tell or explain to the
15 judge is my opinion, which is much more
16 complete than what you stated.

17 Q. The punchline is, 28.74 percent of
18 the loans had material defects. Right?

19 MR. BULL: Objection.

20 MR. BENTLEY: Objection.

21 A. Of 1,089 loans. I'm not a
22 statistician as far as applicability to any
23 other portfolio other than this.

24 Q. You'll say that those 313 loans
25 didn't comply with ResCap's guidelines. Right?

1 A. That were material defective loans,
2 yes.

3 Q. And you'll say that they didn't
4 comply with the prospectus supplements
5 applicable to those securities. Correct?

6 A. No, I will not go that far because
7 that's not what I said here.

8 What I will say is that based on the
9 description of the underwriting section of the
10 ProSups, it did not meet that. I'm not the
11 complete --

12 Q. Okay. That's helpful. Thank you.

13 So back to that heading on page 64.
14 Do you have that in front of you?

15 A. Yes.

16 Q. You use the phrase, "appropriately
17 and objectively re-underwritten."

18 Do you see that?

19 A. Yes.

20 Q. Okay. Those are your 20 reviewers?
21 Right?

22 A. Yes.

23 Q. You obtained them from -- what was
24 the name of the group, Analytic --

25 A. Focus.

1 A. Well, yes, the originator's
2 guidelines if they're different than ResCap
3 guidelines but applicable to the loan. So
4 those were the ones that they would look at.

5 Q. Did your reviewers take any steps to
6 reverify income?

7 A. No.

8 Q. Did they take any steps to run a
9 title report?

10 A. Beyond the scope we were asked to do.

11 Q. Did your reviewers check to see if
12 the property or the security was encumbered by
13 other mortgages or liens?

14 A. Beyond the scope we were asked to
15 look at.

16 Q. Did your reviewers take any steps to
17 verify owner occupancy?

18 A. Other than being obvious in the loan
19 file, no.

20 Q. They didn't go out, for example, and
21 do an Internet search or a tax record search or
22 something to see what the owner was saying was
23 his principal place of occupancy?

24 A. Correct, we did not.

25 Q. Did your reviewers run credit reports

1 on the borrowers?

2 A. No.

3 Q. They didn't try to check or verify
4 FICO scores, for example?

5 A. No. And there's a real question
6 whether you have it under privacy acts whether
7 you could do what you're saying.

8 Q. Did you try to reappraise any of the
9 properties?

10 A. No.

11 Q. Did you run any automated valuation
12 model work on any of the properties?

13 A. No.

14 Q. Was there a reason why you didn't do
15 more on appraisals?

16 A. In what sense?

17 Q. Well, you said that your people
18 confirmed that the loans conform to the
19 requirements in the industry when it comes to
20 appraisal.

21 A. Right.

22 Q. How did they do that?

23 A. They reviewed either the appraisal,
24 or the AVM, or whatever was used as that met
25 the criteria for ResCap and that there was